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QUESTIONS AND ANSWERS ON THE

W I C H I T A
DYNAPLEX
In the Heart of the City!

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QUESTIONS AND ANSWERS ON THE WICHITA DYNAPLEX

Quality of Life

Q: What benefit is there in building a new Wichita DynaPlex downtown?

A: This Sports and Entertainment Complex would enhance the quality of life in Wichita, bringing large concert tours, family shows, regional sporting events and other major events to Wichita for which we could not otherwise compete.

It would have a synergistic effect on downtown revitalization with the development of new restaurants, shops and other business and service opportunities that would be attracted by such a facility.

The Wichita DynaPlex would have a dramatic economic impact on Wichita at a time we could use it most.

Q: What benefits will the Wichita DynaPlex bring that are not already present in the area?

A: This Sports and Entertainment Complex will provide an opportunity to positively promote Wichita by showcasing a contemporary facility with comfortable seating, wide concourses, minimal waiting at concession stands, easy entry and exit and opportunity for corporate sponsorship of preferred seating/sky boxes.

It would bring together the utilization and promotion of all our attractions such as Old Town, Exploration Place and the river museums.

Q: It is often said that facilities like this are not “tourism” facilities, but facilities that must be supported by local patrons. How does that affect this project?

A: In fact, we believe the Wichita DynaPlex will have a direct benefit on tourism. When you bring in a major concert or regional sporting event, people from outside of Wichita will come to see it. There are nearly one million people living within a 100-mile radius of Wichita. Add to those the many people who will travel from out of state to follow their favorite sporting team and there are quite a few who would potentially attend an event at the Sports and Entertainment Complex.

The bottom line is that these people will spend money in Wichita. They will eat at restaurants, buy gas and stay overnight in hotels. The potential economic benefit of these out of town guests is significant and will help pay for the Wichita DynaPlex.

Q: Is there community support for a project of this magnitude?

A: Yes. A summer 2001 poll of registered voters in Sedgwick County found the following conclusions:

- Nearly 56% of those surveyed believe Downtown Wichita needs to be redeveloped
- More than half of those surveyed favored using public funds to do so
- 61.9% approved of a "pay as you go" plan for construction of a new Sports and Entertainment Complex, similar to the plan being proposed for this project
- More than 60% would be more likely to support a new downtown Sports and Entertainment Complex knowing "it would improve the local economy and attract new businesses and jobs"
- Finally, when asked why they approved, the most common answers given were benefits to the area's tourism, an increase of businesses and people downtown, benefits to our future, the economy and as a method to stop downtown deterioration.

Additionally, a February 2002 opinion poll by KWCH Channel 12 showed that more than half of those surveyed supported the construction of a sports arena in downtown Wichita.

Q: Will the Wichita DynaPlex really attract more people to downtown?

A: Simply consider the Old Town experience. Bringing shopping, dining and entertainment to Old Town was just the beginning of downtown revitalization. Phase two begins with the Wichita DynaPlex, expected to infuse nearly an additional \$30 million annually into downtown Wichita. This does not include the impact of the immediate area surrounding the DynaPlex.

Wichita Sports and Entertainment Authority

Q: Who will operate the Wichita DynaPlex? Who will operate concessions?

A: Both the Wichita DynaPlex and the Kansas Coliseum complex, including the Pavilions would come under the jurisdiction of a new Wichita Sports and Entertainment Authority. The Authority will report to the City Council and be responsible for developing, operating and maintaining the facilities.

Current plans call for leasing concession rights to a third-party vendor. The income from concession leasing rights and the facility's portion of sales will go into annual operating revenues for the Wichita DynaPlex.

Q: Who will be responsible for the design and construction of the Wichita DynaPlex?

A: The Wichita Sports and Entertainment Authority, working in conjunction with the City Council, will oversee design and construction of the Wichita DynaPlex and renovations to the Kansas Coliseum.

Kansas Coliseum

Q: Why not just renovate the Kansas Coliseum at a lower cost instead of building a new facility?

A: The Kansas Coliseum does not meet today's need in Wichita for a quality sports arena. The Coliseum is a 24-year-old facility originally designed for agricultural and related events. The Kansas Coliseum is not ADA compliant and its construction is not conducive to solving the problems with stairs, restrooms and the lack of adequate concourses to handle crowd breaks. Its current capacity would not be sufficient to attract major NCAA events, concert tours or family shows. Additionally, the Kansas Coliseum is not easily accessible from the city.

In order to compete for major events with first and second-tier cities like Kansas City, Oklahoma City, Little Rock and Des Moines, Wichita needs a modern, centrally located facility with the capability to attract these events.

Even if the Kansas Coliseum were to be upgraded it would not be centrally located to the downtown area as are most venues in other cities and it would still have the traffic congestion and accessibility problems with which it is currently associated.

A cornerstone of this project is the synergy it would create with existing businesses as well as business locating or relocating downtown. This downtown revitalization and economic impact is vital to Wichita's future and will not occur if arena efforts are focused away from downtown, as they would be in the case of a complete overhaul of the Kansas Coliseum. This would not allow Wichita to draw consumer business during non-event times.

Q: If the Wichita DynaPlex is built, what happens to the Kansas Coliseum?

A: The role of the Kansas Coliseum will be redefined primarily to host agriculture-related events such as horse shows, rodeos, tractor pulls, "dirt events" such as motorcycle sports and events that require substantial flat floor space such as sport, boat and travel shows.

It does not have the capacity to host many regional and national events including NCAA regional basketball, NBA and NHL exhibition matches and major national concerts on tour.

The DynaPlex plan also includes \$10 million for a renovation of the Kansas Coliseum, bringing it up to current ADA codes and other upgrades.

Q: The Kansas Coliseum is in need of renovations to meet compliance with the Americans with Disabilities Act (ADA). What would happen to the Kansas Coliseum if this referendum does not pass?

A: Sedgwick County has developed plans to extensively renovate the Kansas Coliseum that they plan to submit if the initiative to build the Wichita DynaPlex does not pass. These plans range in cost from \$60 million to \$100 million and would likely result in an increase in our mill levy and property taxes.

Economic Impact

Q: How many jobs would the Wichita DynaPlex create?

A: A 2002 study by KPMG Peat Marwick estimates one-time construction employment to be approximately 1,260, with an overall economic impact on the community of more than \$111.3 million. Additionally, the study places local employment (both directly at the facility and created in other supporting sectors) at 530 annually plus employment in the new shops, restaurants and hotels that start up in the immediate area.

Q: What would be the overall economic benefits to the local community, including both the Wichita DynaPlex and the immediate surrounding area?

A: Based on the combined KPMG analysis and the Project Area Impact Report on the immediate area surrounding the project, we would accrue these economic benefits over a 10-year period:

- | | |
|-----------------------------|---------------|
| • Economic Spending | \$392,356,000 |
| • New Construction Spending | \$271,370,000 |
| • Sales/use tax generation | \$123,790,000 |
| • Property taxes | \$27,430,000 |

Note: the Project Area Impact in this report is based on actual figures resulting from the Old Town area developments.

Q: How can we be sure the numbers on economic impact and arena utilization are accurate?

A: The economic impact is based on two reports. The basic report by KPMG deals with the direct and indirect impact of construction and ongoing operation of the proposed DynaPlex facility and as it affects the community as a whole.

The second report is on the economic impact of the DynaPlex in the immediate project area, a two-block area surrounding the facility that will attract new businesses. This growth was not included in the KPMG analysis. The model for this report was actual historical records of the impact created in the development of a similar area in Old Town.

The two have been combined in a 10-year Economic Impact Study which we believe is as accurate as possible.

Scope, Capacity and Cost

Q: What will be the capacity of the Wichita DynaPlex?

A: The new facility would be able to be configured for:

- | | |
|--------------------------|--------|
| • Hockey | 15,000 |
| • Basketball | 16,000 |
| • Concert (center stage) | 17,000 |
| • Concert (end stage) | 15,000 |

In addition to these configurations, the DynaPlex will feature 24 suites, expandable to 48 in addition to a number of meeting and hospitality rooms. It will have two concourses and an upper balcony.

Q: How much will it cost to build the Wichita DynaPlex?

A: The proposal calls for \$150 million total. Approximately \$140 million will be used to construct the new Sports and Entertainment Complex while an additional \$10 million will be dedicated to renovations at the Kansas Coliseum.

Q: Have arenas been built in other comparable cities for less or more money than we are proposing for the Sports and Entertainment Complex? If more, are we building a quality arena? If less, are we paying too much?

A: Cost projections for the Wichita DynaPlex are based on the building of a first-class, two-concourse arena. The hard cost of construction is \$85 million, well within the framework of comparable structures. The \$150 million cost is all-inclusive, taking into account soft costs (legal, design, financing, etc.) which some of the case studies did not include in their costs. Ours also includes costs for scoreboards and equipment for which others used private funding. We anticipate that we will have at least \$15 million in private funding which will decrease our net costs to \$135 million. This includes an estimated \$10 million for renovations to the Kansas Coliseum.

Q: What is the timing for the start and completion of this project?

A: Work on site selection, preparation and building would begin shortly after the sales tax referendum in May 2002, with design complete by August 2003. Arena construction could be complete as early as November 2005.

Q: How much money will be required for ongoing operation and maintenance of the Wichita DynaPlex?

A: Current estimates call for operating expenses of approximately \$3.5 million annually. We anticipate a 5% growth in revenue and a 3% growth in expenses annually.

Q: Are there any provisions being made for a reserve for operation and maintenance? Where will the money come from?

A: As part of the plan to build the Sports and Entertainment Complex, a portion of the sales tax would go into an ongoing Progress and Development Fund to provide for operations in case the DynaPlex does not meet projections and as a reserve for future major repairs. It provides an endowment for 30 years to meet these needs.

Q: What happens if there is an annual operating deficit? Who is responsible for the debt?

A: The same estimates that predict the Wichita DynaPlex would be profitable with 70 events each year, also estimate that the new arena could average 101 events annually, with an attendance of more than a half million. Under this scenario, the arena would be profitable the first year to the tune of more than \$625,000 annually after picking up the anticipated operating losses of the Kansas Coliseum of slightly more than \$200,000.

Additionally, a portion of the one-half percent sales tax will be put aside each year to form an ongoing Progress and Development Fund. This reserve will create an endowment that would provide for major repairs to DynaPlex and cover any operating deficits up to \$350,000 each year for 30 years, allowing 3% for any growth in costs. The fund could also be used for development initiatives such as downtown development infrastructure, facility signage and promotion and youth sports programs. Any additional funds might also be used for early debt retirement, shortening the sunset time on the sales tax.

While current tax collections would be adequate to maintain the Progress and Development Fund, additional revenues could come from, growth of excess sales tax, potential State of Kansas contributions (star bonds, tax increment financing), excess revenues from bond coverage requirements, and private contributions.

Use of DynaPlex

Q: Will this just be a sports arena?

A: No. It will include popular concert tours, family shows, educational events and religious conferences that normally pass by Wichita on their way to other venues.

Q: Attendance at the majority of events in similar arenas was fewer than 5,000 per event. Considering that, how often and to what extent would a 15,000 to 17,200 seat arena be used?

A: This arena will enhance the overall appeal of Wichita as an event location. A simple fact remains. Whether a venue is filled to capacity each time it opens its doors is irrelevant. Many large events (i.e., college sporting events, major concert tours, etc.) will only consider cities which boast venues with certain capacities. Wichita often does not make the cut, or is never given consideration, based solely on the fact that it does not have the capacity to host such an event.

As an example, the Alltel Arena in North Little Rock, which has an MSA similar to Wichita, experienced this kind of attendance in fall 1999 and mid-summer 2000:

• Elton John	16,700
• Neil Diamond	10,516
• Gaither Christmas Homecoming	16,616
• Grease on Ice	9,491
• Champions on Ice	15,238
• Britney Spears	15,764
• NSYNC	15,831
• Dixie Chicks	14,934

Q: How many events would need to be scheduled in order to make the arena profitable?

A: Forecasts from Horrow Sports Ventures, a national consulting group for stadium and arena construction, show that the arena could be profitable with approximately 70 events per year.

Q: What types of events/teams would the Wichita DynaPlex attract?

A: The Sports and Entertainment Complex being proposed could host hockey, arena football, soccer, basketball, gymnastics or other indoor sporting events. Additionally, it could be appropriately set up for concerts or conventions. At a maximum of 17,000-plus seating, the Wichita DynaPlex would be ideal to host a major concert tour, a regional round of the NCAA Basketball Championship, or professional sports exhibition games. The Sports and Entertainment Complex would be built to handle hockey, basketball and concert configurations and will be adaptable for a number of indoor sporting and event configurations.

While preparing for this project, the Sports Commission studied the success of similar efforts in Oklahoma City; Little Rock; Omaha, Neb.; and Moline Ill.

In addition, we believe the Wichita DynaPlex would increase attendance at existing area events currently using the Kansas Coliseum that require considerable, comfortable arena-type seating.

Q: Wichita State University will have its own refurbished sports complex, so will they not occupy this arena?

A: The fact is that there is room for both facilities in a growing Wichita. While the Roundhouse Renaissance is to be a major force in advancing Wichita State University Athletics, the Sports and Entertainment Complex will add another dimension to the community's ability to attract and host world class sporting and entertainment events. A facility such as the Wichita DynaPlex and the development it brings will also increase the city's ability to attract students to Wichita to attend our excellent universities.

The Roundhouse Renaissance and related projects are a wonderful opportunity for Wichita State University. In fact, many of the people who are supporting the WSU project are also involved in this initiative to build the Sports and Entertainment Complex.

A venue of this type would also allow Wichita State University the opportunity to change the location of sold out or oversold events. Additionally, were Wichita to secure an NCAA Regional Basketball Tournament, WSU, Kansas or Kansas State could wind up with "home-court advantage" at the Wichita DynaPlex.

Q: What about ticket prices? Will a new, top-tier arena also come with expensive ticket prices?

A: Our financial projections have been compiled using ticket prices for events currently coming to Wichita. In most cases, event promoters arrive at the cost of a ticket based on the cost of bringing the event to the venue, along with the number of attendees they estimate the event will draw. In many cases, the size of the venue is a positive factor. If 17,000 people are paying to see a show versus 10,000, there may be some downward pressure on ticket prices.

Location, Traffic and Parking

Q: Where is the Sports and Entertainment Complex to be located?

A: The Greater Wichita Area Sports Commission has studied eight locations and is now considering three options downtown. All three locations are between Kellogg and Douglas (as north/south boundaries) and the Arkansas River and Old Town as (east/west boundaries).

Q: Why downtown?

A: This project will be the catalyst that solves the age-old problem of downtown revitalization and ties together most of Wichita with Wichita's many social, educational and cultural attractions such as Exploration Place, Old Town and the many museums along the river. The combination makes an attractive package to promote tourism and conventions, enhancing opportunities for Century II.

In addition, it will support existing businesses and investments in the downtown area.

Q: What other locations were considered?

A: A total of 20 potential sites, ultimately eight were investigated and analyzed including sites north of Douglas, west of the River, east of Old Town, south of Kellogg and throughout downtown.

Q: How was this location selected?

A: All of the potential sites were evaluated using the following criteria:

- Access from all directions for ingress and egress
- Ample parking
- Proximity to restaurants and supporting facilities
- Link between downtown/Century II and Old Town
- Land area and cost
- Displacing businesses/residences

The downtown area was also selected because of the need for revitalization and economic stimulus in the project area.

Q: How many businesses, retail or residential locations will have to be vacated to build a downtown arena? What if any provisions must be made to compensate property owners?

A: The number of businesses that will have to relocate varies on each of the potential sites. The cost of acquisition has been included in the total project cost.

Q: Downtown parking is at a premium now, especially in the Old Town area. What provisions are being made to account for the additional parking needs that will result from the building of the Wichita DynaPlex?

A: Plans for the Wichita DynaPlex call for the building of 2,500-3,000 parking spaces in the DynaPlex project area, bringing the total public parking in the area to more than 5,000 spaces. This meets the city's recommendations for one parking space for every three seats.

The addition of these spaces will enhance the parking situation in the downtown area as well. There will be more than 12,000 spaces within four blocks of the facility site. More than 5,000 public spaces available (including 2,500-3,000 in the project area), 1,488 public leased (available after hours) and more than 5,700 private and customer spaces are available. In addition, a large number of on-street parking spots are also available in the area.

Q: Are the downtown streets capable of handling the additional traffic flow brought about by a major event? What if the event is scheduled to start or end near rush hour? Will Wichita's traffic infrastructure handle the total traffic flow?

A: Traffic dispersion from the downtown location is far better than the two exit routes from the Kansas Coliseum. There are multiple streets, north, south, east and west, that will carry traffic in all four directions from the DynaPlex, and the Kellogg Expressway connects with both major arteries within the city, I-235 and I-135.

It is unlikely that a performance or sporting event would be scheduled to start or let out near rush hour.

Q: Do the locations being considered have the physical infrastructure to support an arena of this size? Will the tax pay for any needed infrastructure improvements or will this have to be done by a separate bond/tax issue?

A: The majority of the infrastructure to support the Wichita DynaPlex already exists in the downtown area. We anticipate there will be considerable economic development taking place in the area immediately surrounding the project area and the infrastructure may need to be studied.

Funding and Taxes

Q: How will the money be raised to build the Wichita DynaPlex?

A: The Greater Wichita Area Sports Commission is asking the citizens of Wichita to approve a one-half percent sales tax to raise funds to build the Sports and Entertainment Complex and renovate the Kansas Coliseum. Construction is to be financed with \$150 million in General Obligation Bonds at a 4.75% interest rate. It is estimated that \$15 million will be raised from private funds, primarily through naming rights, concession rights and similar opportunities, bringing the net to \$135 million.

The sales tax will "sunset" in 13 years, or sooner if the bonds are paid off earlier. This tax cannot be extended beyond 13 years without another referendum by the citizens.

The sales tax increase includes these rebates:

- A senior citizen rebate to qualified senior citizens age 65 and over, based on their average income.
- A 1.5% rebate to purchases made in Wichita of new or used cars, trucks or vans during the time the sales tax increase is in effect.

Q: What does “sunset” mean?

A: It means that the one-half percent sales tax stops at the end of the 13 years or when the bonds are paid off early. It cannot be extended without a vote of the people.

Q: Why were vehicle purchases selected to receive the 1.5% rebate?

A: Vehicles (cars, trucks and vans) are the single major purchase that most families make every few years that affects their average annual budget. This also rebates to the purchaser, the one-percent sales tax increase that went into effect in 1985. People can now buy their vehicles in Wichita at competitive prices as opposed to going to other areas that do not have a local sales tax.

Q: What will this sales tax cost me?

A: A family at Wichita’s median income level of \$46,500 could pay sales tax on as much as \$20,000 in annual purchases. If citizens choose to raise the sales tax to construct the Wichita DynaPlex, those families in this category would pay an average of \$100 in additional sales taxes each year. Put into perspective, that’s about the cost of two cans of soda each week, a pizza every other month or a super value meal once a month.

In the year you buy a vehicle, your tax burden lessens due to the 1.5% sales tax rebates for vehicle purchases made in Wichita.

According to industry data, the average price of a vehicle with a trade in is \$13,700. In the year this vehicle is purchased, you would receive a rebate of \$206 of the sales tax paid. When you consider the \$100 annual sales tax you would pay on other taxable items under the DynaPlex plan, you still realize a \$106 tax savings for that year.

Q: What happens if the State Legislature passes a sales tax increase?

A: We’ve anticipated that this might be a possibility. With the state’s current budget shortfall, the citizens of Wichita have to decide if this is the investment they want to make in their future. We believe that to not proceed now could relegate Wichita to the status of a third-tier city. Important factors in that decision include:

- The potential for ongoing public and private revenue from the DynaPlex
- The ongoing revitalization of our downtown area
- The fact that interest rates are still at an historic low. There might not be a better time to finance this type of project for some time to come.

The Wichita DynaPlex could help the city brace itself for situations like this in the future. The economic development and revenue potential of such projects allows a community the tools to weather tough economic times.

Q: Is now really the best time to incur such a financial obligation?

A: With interest rates at historic lows, now is the perfect time for such a project. In fact, an article in the February 20, 2002 edition of *The Wichita Eagle* indicates that many public entities like school districts are getting more for their money on bond issues because of the favorable interest rates. We anticipate an interest of 4.75% on the General Obligation Bonds that will be purchased to fund the facility.

With an estimated 1,260 jobs and additional economic impact during the construction phase of this project, building the arena will also have a positive impact on Wichita's current employment situation.

Q: If the citizens voted to approve the DynaPlex, Wichita's sales tax rate would change to 6.4%. What are the current rates in surrounding communities?

A: Topeka	6.8%	Kansas City, KS	6.9%
Hutchinson	6.65%	Augusta	6.4%
Wellington	6.15%	Ark City	5.9%
Newton	5.9%	El Dorado	5.9%
Winfield	5.9%		

Q: If the citizens voted to approve the DynaPlex, Wichita's sales tax rate would change to 6.4%. What are the current sales tax rates in cities with whom Wichita competes in economic development?

A: Wichita's tax rate should the half-cent sales tax pass, would still leave taxes competitive with the level of the rates of many competing tier-one and tier-two cities in our region:

Dallas	8.25%	Oklahoma City	8.25%
St. Louis	7.6%	Tulsa	7.5%
Denver	7.3%	Moline, Ill.	7%
Kansas City, Mo.	6.975%	Omaha, Neb.	6.5%
Lincoln, Neb.	6.5%	Little Rock, Ark.	6.125%
Des Moines, Iowa	6%		

Q: Why have a special poll ballot election when you could wait a few weeks for a regularly-scheduled primary election?

A: There are several good reasons that this initiative deserves a single-issue election at no cost to the taxpayers.

- It is so important to the future of Wichita, it needs special attention away from the many other issues that will be promoted by the candidates in the primary.
- It should not be a “political football” that candidates would need to take sides on through their campaigns. It is an issue on which the citizens of Wichita should make the choice rather than force the politicians to enter the debate and confuse the subject.

Q: Who pays for the election?

A: The supporters and companies who have a “Vision for the Future,” led by the Greater Wichita Area Sports Commission, felt that they should shoulder the \$75,000 to \$90,000 cost for a special election rather than ask the taxpayers to pick up the tab. This is similar to the decision the Commission made when it elected to raise \$500,000 in private funds to bring this information to the attention of the community so voters could decide.